

VILLAGE OF GREENHILLS
HAMILTON COUNTY, OHIO

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2014 AND 2013**



Dave Yost • Auditor of State

Village Council
Village of Greenhills
11000 Winton Road
Greenhills, Ohio 45218

We have reviewed the *Independent Auditor's Report* of the Village of Greenhills, Hamilton County, prepared by Bastin & Company, LLC, for the audit period January 1, 2013 through December 31, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Greenhills is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

October 19, 2015

**VILLAGE OF GREENHILLS
HAMILTON COUNTY, OHIO**

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Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Village of Greenhills
Hamilton County
11000 Winton Road
Greenhills, Ohio 45218

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Greenhills, Hamilton County, Ohio, (the Village) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principle

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Greenhills, Hamilton County as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 14, 2015, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Cincinnati, Ohio
July 14, 2015

**VILLAGE OF GREENHILLS
HAMILTON COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS) - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<i>Cash Receipts:</i>					
Property and Other Local Taxes	\$ 362,433	\$ 699,699	\$ 242,787	\$ -	\$ 1,304,919
Municipal Income Tax	1,022,167	-	-	-	1,022,167
Intergovernmental	123,549	249,563	41,168	187,798	602,078
Special Assessments	-	-	-	37,183	37,183
Charges for Services	101,314	307,924	-	-	409,238
Fines, Licenses and Permits	123,731	15,394	-	-	139,125
Earnings on Investments	829	171	504	46	1,550
Miscellaneous	47,440	50,992	41	-	98,473
Total Cash Receipts	1,781,463	1,323,743	284,500	225,027	3,614,733
<i>Cash Disbursements:</i>					
<i>Current:</i>					
Security of Persons and Property	246,040	637,133	-	-	883,173
Community Environment	79,720	-	-	-	79,720
Leisure Time Activities	-	303,046	-	-	303,046
Basic Utility Service	181,749	-	-	-	181,749
Transportation	-	217,110	-	-	217,110
General Government	1,056,196	208,266	53,681	-	1,318,143
Capital Outlay	51,410	74,380	-	31,455	157,245
<i>Debt Service:</i>					
Principal Retirement	-	33,090	524,508	-	557,598
Interest and Fiscal Charges	-	1,572	123,789	-	125,361
Total Cash Disbursements	1,615,115	1,474,597	701,978	31,455	3,823,145
Excess of Receipts Over (Under) Disbursements	166,348	(150,854)	(417,478)	193,572	(208,412)
<i>Other Financing Receipts (Disbursements):</i>					
Sale of Capital Assets	68,025	-	519,250	-	587,275
Transfers In	-	140,500	340,000	-	480,500
Transfers Out	(480,500)	-	-	-	(480,500)
Total Other Financing Receipts (Disbursements)	(412,475)	140,500	859,250	-	587,275
Net Change in Fund Cash Balances	(246,127)	(10,354)	441,772	193,572	378,863
Fund Cash Balances, January 1	1,320,048	521,007	228,193	3,503	2,072,751
Fund Cash Balances, December 31					
Restricted	-	510,653	669,965	197,075	1,377,693
Assigned	33,861	-	-	-	33,861
Unassigned	1,040,060	-	-	-	1,040,060
Fund Cash Balances, December 31	\$ 1,073,921	\$ 510,653	\$ 669,965	\$ 197,075	\$ 2,451,614

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCE (CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Fiduciary Fund Type
	Agency
<i>Non-Operating Cash Receipts:</i>	
Fines, Licenses and Permits	\$ 144,161
Total Non-Operating Cash Receipts	144,161
<i>Non-Operating Cash Disbursements:</i>	
Other	144,161
Total Non-Operating Cash Disbursements	144,161
Net Change in Fund Cash Balances	-
Fund Cash Balance, January 1	-
Fund Cash Balance, December 31	\$ -

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS) - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<i>Cash Receipts:</i>					
Property and Other Local Taxes	\$ 378,053	\$ 698,803	\$ 254,161	\$ -	\$ 1,331,017
Municipal Income Tax	989,027	-	-	-	989,027
Intergovernmental	394,234	366,198	41,021	12,500	813,953
Special Assessments	-	-	-	37,117	37,117
Charges for Services	107,289	381,647	-	-	488,936
Fines, Licenses and Permits	95,822	11,177	-	-	106,999
Earnings on Investments	228	99	134	32	493
Miscellaneous	61,770	19,701	503	-	81,974
Total Cash Receipts	2,026,423	1,477,625	295,819	49,649	3,849,516
<i>Cash Disbursements:</i>					
<i>Current:</i>					
Security of Persons and Property	204,688	632,613	-	-	837,301
Community Environment	68,294	-	-	-	68,294
Leisure Time Activities	-	278,686	-	-	278,686
Basic Utility Service	214,380	-	-	-	214,380
Transportation	-	243,459	-	-	243,459
General Government	909,722	242,685	4,835	-	1,157,242
Capital Outlay	-	49,584	-	54,424	104,008
<i>Debt Service:</i>					
Principal Retirement	-	53,795	499,258	-	553,053
Interest and Fiscal Charges	-	3,053	139,284	-	142,337
Total Cash Disbursements	1,397,084	1,503,875	643,377	54,424	3,598,760
Excess of Receipts Over (Under) Disbursements	629,339	(26,250)	(347,558)	(4,775)	250,756
<i>Other Financing Receipts (Disbursements):</i>					
Transfers In	-	91,500	200,000	-	291,500
Transfers Out	(291,500)	-	-	-	(291,500)
Total Other Financing Receipts (Disbursements)	(291,500)	91,500	200,000	-	-
Net Change in Fund Cash Balances	337,839	65,250	(147,558)	(4,775)	250,756
Fund Cash Balances, January 1	982,209	455,757	375,751	8,278	1,821,995
Fund Cash Balances, December 31					
Restricted	-	521,007	228,193	3,503	752,703
Assigned	106,518	-	-	-	106,518
Unassigned	1,213,530	-	-	-	1,213,530
Fund Cash Balances, December 31	\$ 1,320,048	\$ 521,007	\$ 228,193	\$ 3,503	\$ 2,072,751

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCE (CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Fiduciary Fund Type
	Agency
<i>Non-Operating Cash Receipts:</i>	
Fines, Licenses and Permits	\$ 124,989
Total Non-Operating Cash Receipts	124,989
<i>Non-Operating Cash Disbursements:</i>	
Other	124,989
Total Non-Operating Cash Disbursements	124,989
Net Change in Fund Cash Balances	-
Fund Cash Balance, January 1	-
Fund Cash Balance, December 31	\$ -

The notes to the financial statements are an integral part of this statement.

VILLAGE OF GREENHILLS
HAMILTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Greenhills, Hamilton County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides police services, recreation operations, brush/leaf collection and garbage collection to residents. The Village contracts with the Greenhills Volunteer Fire Department to receive fire protection services.

The Village participates in jointly governed organization. Note 12 to the financial statements provide additional information for this entity. This organization is:

Jointly Governed Organizations:

The Greenhills Community Improvement Corporation

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

VILLAGE OF GREENHILLS
HAMILTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Police Operating Fund - This fund receives operating levy monies to assist in providing police services to Village residents.

Apartment Building Operations Fund - This fund is used to account for proceeds from rental revenues that are restricted to expenditures relating to the maintenance, repair and overhead cost of the Village owned rental units.

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

General Obligation Bond Retirement Fund - This fund receives levy monies to pay for debt service obligations that have been approved by a public vote of the citizens of Greenhills.

Other Debt Service Fund - This fund records the debt service activity for bonds that were issued by a vote of Village Counsel. Revenues consist of sales of property and General Fund transfers.

4. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

VILLAGE OF GREENHILLS
HAMILTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)

Shade Tree Assessment Fund - This fund receives assessments to help maintain Village trees along Village roadways.

Other Capital Project Fund - This fund accounts for grant monies associated with replacement of the Water Main under Winton Road and the Surface Water Improvement projects.

5. Fiduciary Funds (Agency Funds)

Fiduciary Funds include an agency fund, which is purely custodial in nature and used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency funds account for Mayor's Court activity.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

VILLAGE OF GREENHILLS
HAMILTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

VILLAGE OF GREENHILLS
HAMILTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2014	2013
Demand deposits	\$1,676,415	\$1,299,099
Total deposits	1,676,415	1,299,099
STAR Ohio	775,199	773,652
Total investments	775,199	773,652
Total deposits and investments	\$2,451,614	\$2,072,751

Deposits: Deposits are insured by the Federal Depository Insurance Corporation and collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

Fund Type	2014 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$1,664,522	\$1,849,488	\$184,966
Special Revenue	1,410,069	1,464,243	54,174
Debt Service	1,019,150	1,143,750	124,600
Capital Projects	224,798	225,027	229
Total	\$4,318,539	\$4,682,508	\$363,969

VILLAGE OF GREENHILLS
HAMILTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)

2014 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$2,244,877	\$2,129,476	\$115,401
Special Revenue	1,744,124	1,622,171	121,953
Debt Service	707,950	701,978	5,972
Capital Projects	228,298	206,466	21,832
Total	<u>\$4,925,249</u>	<u>\$4,660,091</u>	<u>\$265,158</u>

2013 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$1,619,808	\$2,026,423	\$406,615
Special Revenue	1,673,759	1,569,125	(104,634)
Debt Service	652,360	495,819	(156,541)
Capital Projects	49,568	49,649	81
Total	<u>\$3,995,495</u>	<u>\$4,141,016</u>	<u>\$145,521</u>

2013 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,912,684	\$1,795,102	\$117,582
Special Revenue	1,803,684	1,598,343	205,341
Debt Service	659,473	643,377	16,096
Capital Projects	55,500	54,424	1,076
Total	<u>\$4,431,341</u>	<u>\$4,091,246</u>	<u>\$340,095</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

VILLAGE OF GREENHILLS
HAMILTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)

5. LOCAL INCOME TAX

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Regional Income Tax Authority, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. DEBT

Debt outstanding at December 31, 2014 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Swimming Pool Renovation - Refunded 2012	\$ 63,219	2.10%
Street Curb Renovation - Refunded 2012	471,583	2.10%
Property Acquisition - Refunded 2012	597,903	2.50%
Redevelopment Bonds 2005	615,000	4.30% - 4.90%
Redevelopment Bonds 2008	1,225,000	4.10% - 4.65%
Total	<u>\$ 2,972,705</u>	

The Swimming Pool Renovation Bonds were issued in 1996 (\$385,000) and Street Curb Renovation Bonds were issued in 1998 (\$2,080,000) for the purpose of renovating the swimming pool and replacing curbs throughout the Village. Separate bond levies were passed in 1996 and 1997, respectively, to support these bond issues. The remaining balances of both issues were refunded during 2012.

Property Acquisition Bonds totaling \$1,200,000 were issued in 2002 for the purpose of acquiring property within the Village to redevelop. The remaining balance of this issue was refunded during 2012.

Redevelopment Bonds totaling \$995,000 were issued in 2005 for the purpose of acquiring property within the Village to redevelop that were supported by a bond levy passed by voters of the Village in 2004.

Redevelopment Bonds totaling \$2,195,000 were issued in 2008 for the purpose of acquiring property within the Village to redevelop.

VILLAGE OF GREENHILLS
HAMILTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Swimming					Total
	Pool Renovation	Street Curb Renovation	Property Acquisition	Redevelopment 2005	Redevelopment 2008	
2015	\$ 32,767	\$ 163,484	\$ 83,834	\$ 80,750	\$ 308,343	\$ 669,178
2016	32,013	163,484	83,834	78,250	317,887	675,468
2017	-	162,083	83,834	80,750	251,338	578,005
2018	-	-	83,834	78,000	181,767	343,601
2019	-	-	83,834	80,250	104,648	268,732
2020-2024	-	-	201,608	398,500	243,833	843,941
Total	<u>\$ 64,780</u>	<u>\$ 489,051</u>	<u>\$ 620,778</u>	<u>\$ 796,500</u>	<u>\$ 1,407,816</u>	<u>\$ 3,378,925</u>

7. CAPITAL LEASE

During 2003 the Village entered into a capital lease for a fire truck in the amount of \$300,000. Amortization of the remaining lease, including interest, is scheduled as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
2015	<u>\$17,331</u>
Total minimum lease payments	17,331
Less: amount representing interest	<u>(314)</u>
Present value of future minimum lease payments	<u>\$17,017</u>

8. INTERFUND TRANSFERS

During 2013, the following transfers were made:

From the General Fund to the Apartment Building Operations Fund	\$ 20,000
From the General Fund to the Golf Course Fund	5,000
From the General Fund to the Swimming Pool Fund	63,500
From the General Fund to the Banquet Hall Fund	3,000
From the General Fund to the Other Debt Service Fund	<u>200,000</u>
Total	<u>\$291,500</u>

During 2014, the following transfers were made:

From the General Fund to the Apartment Building Operations Fund	\$ 25,000
From the General Fund to the Golf Course Fund	23,000
From the General Fund to the Swimming Pool Fund	92,500
From the General Fund to the Other Debt Service Fund	<u>340,000</u>
Total	<u>\$480,500</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VILLAGE OF GREENHILLS
HAMILTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)

9. RETIREMENT SYSTEMS

The Village's certified full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. From January 2013 through June 2013, OP&F participants contributed 10% of their wages. From July 2013 through June 2014 OP&F participants contributed 10.75% of their wages. After July 2014, OP&F participants contributed 11.5% of their wages. For 2014 and 2013, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2014.

10. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

11. CONTINGENT LIABILITIES

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

12. JOINTLY GOVERNED ORGANIZATIONS

The Village jointly governs the Greenhills Community Improvement Corporation. Its primary activity is the solicitation of private funding for and payment for the Greenhills Concerts on the Commons. Other activities include the Holiday Light Up festivities.

VILLAGE OF GREENHILLS
HAMILTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)

13. ADJUSTMENT TO PRIOR PERIOD BALANCES

The Village has made adjustments to the fund cash balances as of January 1, 2013 to correct for expenditures recorded in incorrect funds during 2012. Expenses during 2012 totaling \$14,794 originally recorded in the Street Fund were revised to the Other Capital Projects Fund. This correction adjusted previously recorded fund type cash balances as of January 1, 2013, as follows:

	Special Revenue <u>Fund Type</u>	Capital Projects <u>Fund Type</u>
Amounts previously recorded as of December 31, 2012	\$440,963	\$23,072
Correction for prior year expenses	<u>14,794</u>	<u>(14,794)</u>
Restated amounts reported as of January 1, 2013	<u>\$455,757</u>	<u>\$ 8,278</u>

Amounts presented for previously recorded balances as of December 31, 2012 are based on financial reports provided to auditors that performed an Agreed-Upon Procedures Audit for the years ending December 31, 2012 and 2011.

14. SUBSEQUENT EVENTS

In May of 2015, the Village refunded the 2005 Redevelopment bond issue. In doing so, the Village paid an additional principal amount of \$255,000 and secured a lowered interest rate of 4.25%. The total issue of the new series of bonds was for \$380,000.

Bastin & Company, LLC
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Village of Greenhills
Hamilton County
11000 Winton Road
Greenhills, Ohio 45218

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Greenhills, Hamilton County, Ohio, (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated July 14, 2015 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Controls Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-01 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Entity's Response to Findings

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Bastin & Company, L L C". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio
July 14, 2015

**VILLAGE OF GREENHILLS
HAMILTON COUNTY, OHIO
SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

FINDING NUMBER 2014-01

Material Weakness - Financial Reporting

We identified misstatements in the financial statements that were not initially identified by the Village's internal control. Audit adjustments were necessary to correct errors in the Village's accounting system which provided information for the creation of the financial statements. In summary, the adjustments made are as follows:

- Audit adjustments for 2013 totaling \$108,246 that were necessary to properly classify receipts to proper line items.
- Audit adjustments for 2014 and 2013 totaling \$84,277 and \$56,848 respectively, were necessary to properly record debt principal and interest payments to proper line items.
- During 2013, adjustments were made by the Village to adjust prior year balances between two funds to recognize a correction where expenditures had been incorrectly recorded during 2012. The adjustments resulted in decreasing the balance in the Other Capital Projects Fund and increasing the balance in the Street Fund as of January 1, 2013 by \$14,794.

The presentation of materially correct financial statements and the related footnotes is the responsibility of management.

We recommend that the Village implement control procedures that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and to provide adequate disclosure in the footnotes.

Village's Response

The Village will attempt to more closely monitor the recording of transactions in the future.



Dave Yost • Auditor of State

VILLAGE OF GREENHILLS

HAMILTON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 5, 2015**